

WEEKLY MARKET recap

9 – 13 January 2023

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Highlights of the week

- Australia's inflation rate to November was 7.3%, led by increasing costs for housing, food and beverages and transport.
- The Chinese Government confirmed they would retaliate in kind against countries that imposed restrictions or measures on their outbound travellers.

Market Action

Sector	Returns % (excluding distributions)		
	13-Jan-22	6-Jan-22	Change (%)
S&P/ASX 200	7326.8	7109.6	3.1%
All Ordinaries	7539.2	7308.8	3.2%
Small Ordinaries	2967.7	2929.1	1.3%
S&P 500	3983.2	3895.1	2.3%
NASDAQ	11001.1	10569.3	4.1%
FTSE 100	7794.0	7699.5	1.2%
Hang Seng	21514.1	20991.6	2.5%
Nikkei	26449.8	25973.9	1.8%

*US, UK and European prices refer to the previous day's close

US equity markets rallied this week with the S&P 500 and the NASDAQ rising 2.3% and 4.1% respectively. Markets bounced on positive labour and wage data and a fall in US inflation. Materials was the best performing sector up 7%, whilst Healthcare was the only sector to fall. The FTSE 100 gained 1.2% led by retailers and miners, reaching its highest level since 2018.

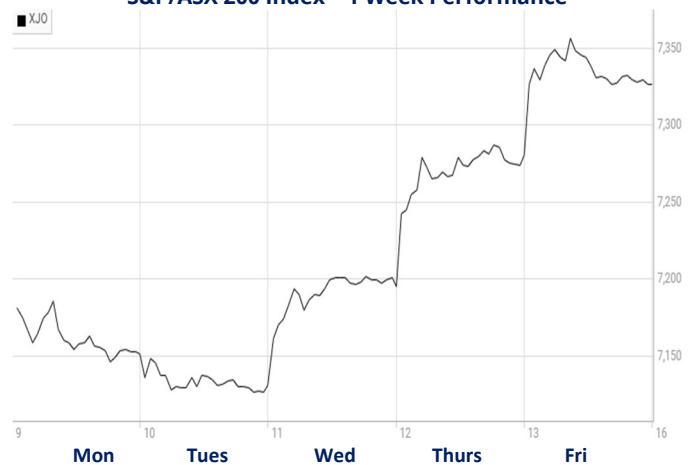
S&P/ASX 200 - Top five of the week

ASX Code	Company	Closing Price	Change*
LTR	Liontown Resources	\$1.57	19.3%
PDN	Paladin Energy	\$0.78	15.6%
NVX	Novonix	\$1.77	14.2%
MIN	Mineral Resources	\$88.85	13.8%
S32	South32	\$4.60	12.8%

*Prices as at 3.00PM on 13/01/2023

Lithium producers Liontown Resources and Mineral Resources made gains of 19.3% and 13.8% respectively this week amidst takeover activity and overseas investment for ASX-listed peers Essential Metals and Azure Minerals. Novonix, a lithium-ion battery producer, mirrored gains up 14.2% for the week. South32 rose 12.8% as iron miners benefitted from the rising iron ore prices as China announces stimulus for its Real Estate sector and continues to open up from its zero-Covid Policy. Paladin Energy climbed 15.6% despite no significant news being released.

S&P/ASX 200 Index - 1 Week Performance



The Nikkei rose steadily over the week to close 1.8% higher whilst the Hang Seng climbed 2.5% after a rally in Chinese technology stocks. The S&P/ASX 200 rallied 3.1% led by the Energy and Real Estate sectors up 4.6% and 4.5% respectively. Small caps underperformed both mid and large cap companies, increasing by 1.3%.

S&P/ASX 200 - Bottom five of the week

ASX Code	Company	Closing Price	Change*
TLX	Telix Pharmaceuticals	\$6.37	-17.5%
BRN	Brainchip Holdings	\$0.67	-12.5%
CPU	Computershare	\$23.99	-6.8%
MFG	Magellan Financial	\$9.36	-3.4%
AGL	AGL Energy	\$7.78	-3.1%

Telix Pharmaceuticals lost -17.5% following a trading update that was below investor expectation, despite a 39% increase on the previous quarter. Brainchip has fallen -12.5% after issuing 30 million shares to LDA Capital to raise funds. Computershare is down -6.8% after cooling inflation data is expected to slow interest rate hikes, affecting Computershare's mortgage division. Magellan Financial Group fell -3.4% this week after revealing a net outflow of \$2.6 billion in FUM. AGL Energy finished the week down -3.1% despite no significant news being released.

Upcoming Dividend Dates

ASX Code	Company	Estimated Dividend Ex-date	Dividend Per Share (\$)	Franking (%)
No upcoming dividends this week.				

Topic of the week

The Labor government has announced their intention to enforce a carbon price cap of \$75 per tonne for major emitters. The price cap would then be adjusted yearly at the rate of inflation plus 2%. By providing the opportunity for businesses to buy carbon credits at the price cap, the Government aims to protect companies in future as emission limits become harsher and carbon credits become more expensive. The current carbon credit price is around \$34.

The Government also revealed they would consider implementing a similar system to Europe's Carbon Border Adjustment Scheme (CBAM). Aimed to be active in 2026, the

CBAM will impose carbon border tax on products and goods imported into Europe. The cost of the tax levy will vary with the carbon footprint created during the manufacturing and shipping of the product and will match the carbon credit costs of local manufacturers. This allows local companies to remain competitive against companies from countries without carbon credits and encourage better climate practices amongst international companies and other countries.

The price-cap and potential carbon border tax are the latest developments for Australia's climate goal of becoming net-zero by 2050.

Home Loan Rates

Lender	Owner Occupier (Variable)	Owner Occupier (2 Year Fixed)	Owner Occupier (5 Year Fixed)	Investor (Variable)	Investor (2 Year Fixed)	Investor (5 Year Fixed)
CBA	4.87%	6.14%	6.64%	5.12%	6.24%	6.74%
NAB	4.99%	6.04%	6.64%	5.49%	6.14%	6.79%
Macquarie	4.79%	5.25%	5.55%	5.04%	5.45%	5.75%

*Based on a 25-year, \$450,000 loan with principal and interest repayments and a Loan-to-Value ratio of 70%.

What to expect for the week

- The Australian Bureau of Statistics (ABS) will release Australia's Overseas Arrival and Departures, with numbers now approaching February 2020 levels.
- China will release their International Trade Data for December 2022. China's trade surplus is currently at a 7-month low.



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